

# Senate Study Bill 1184 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON FEENSTRA)

## A BILL FOR

1 An Act relating to the procedure for disposal of city utilities  
2 by sale.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 388.2A, subsection 2, paragraph a, Code  
2 2019, is amended by adding the following new subparagraph:  
3 NEW SUBPARAGRAPH. (3) The governing body of a city in which  
4 the city utility is located which has a population of less  
5 than six thousand shall not be required to obtain appraisals  
6 pursuant to this paragraph.

7 Sec. 2. Section 388.2A, subsection 2, paragraph b, Code  
8 2019, is amended to read as follows:

9 b. After considering the appraisals obtained pursuant to  
10 paragraph "a", or upon receiving the proposal to dispose of the  
11 city utility by sale if the appraisals were not required as  
12 provided in paragraph "a", subparagraph (3), the governing body  
13 shall establish the city utility's fair market value. The fair  
14 market value shall be the greater of any of the following:

15 (1) The average of the two appraisals obtained pursuant to  
16 paragraph "a", if such appraisals were required.

17 (2) The depreciated value of the capital assets to be sold.

18 (3) The amount necessary to retire all of the city's  
19 outstanding revenue and general obligations issued for purposes  
20 of the city utility.

21 EXPLANATION

22 The inclusion of this explanation does not constitute agreement with  
23 the explanation's substance by the members of the general assembly.

24 Current law establishes a procedure for the governing body  
25 of a city to dispose of a city utility by sale. The procedure  
26 requires the governing body to obtain two separate appraisals  
27 of the city utility system to determine its fair market value.  
28 This bill provides that a governing body of a city in which  
29 the city utility is located with a population of less than  
30 6,000 shall not be required to obtain the appraisals to dispose  
31 of the city utility by sale. As provided in current law,  
32 the fair market value of a city utility located in a city  
33 with a population of less than 6,000 shall be the greater of  
34 the depreciated value of the capital assets to be sold, or  
35 the amount necessary to retire all of the city's outstanding

S.F. \_\_\_\_\_

1 revenue and general obligations issued for purposes of the city  
2 utility.